

### *Congressman King introduces legislation to place duties on Chinese merchandise for violations of United States intellectual property rights*

Washington, D.C.- Congressman Steve King (R-IA) released the following statement after introducing legislation today that punishes the People's Republic of China for its failure to protect the holders of United States intellectual property rights. King's legislation, H.R. 3375, directs the President to impose duties on merchandise from China in an amount equivalent to the estimated annual loss of revenue to holders of United States intellectual property rights as a result of violations of such intellectual property rights in China. Under King's bill, the revenue raised by the imposition of duties on Chinese merchandise will be proportionally distributed to provide compensation to holders of United States intellectual property rights.

"The creative genius of Americans, protected by our copyrights, trademarks and patents, is systematically being pirated by the Chinese whose government appears to be complicit," said King. "My bill levies a duty on all Chinese imports in an amount necessary to both pay U.S. property rights holders for their stolen intellectual property and to administer the program. In short, it says to the Chinese: 'Go ahead and steal U.S. intellectual property-we will do what you have refused to do and pay American innovators their due from the duties on Chinese goods.'"

A Congressional Research Service (CRS) report released on Sept. 30, 2011 (RL33536) quantifies the scale of Chinese intellectual property violations. According to the report, American intellectual property holders are deprived of billions of dollars each year due to piracy in China. The CRS report provided the following facts and figures illuminating the scale of the problem King's bill is addressing:

- The U.S. International Trade Commission (USITC) estimates that U.S. intellectual property-intensive firms that conducted business in China lost \$48.2 billion in sales, royalties, and license fees in 2009 because of IPR violations in China.
- The International Intellectual Property Alliance (IIPA) estimated that business software piracy in China alone cost U.S. firms \$3.4 billion in lost trade in 2009.

- The Business Software Alliance (BSA) estimates the commercial value of illegally used software in China in 2009 was \$7.6 billion, a \$900 million increase over 2008 levels.

The CRS report also notes that China's efforts to combat intellectual property theft have been ineffective. According to CRS, "critics of China's IPR regime note that, even when the Chinese government enforces its IPR laws, the resulting fines, seizures, and other punishments are often not significant enough to act as an effective deterrence against piracy." By placing compensatory duties on Chinese merchandise, King's legislation provides China with an important incentive to strengthen their protections for holders of intellectual property rights.

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Click [here](#) to view a copy of Congressman King's legislation.